The Report Committee for Corrina Jacobs
Certifies that this is the approved version of the following Report:

Measuring the "Impact" in Impact Investing: An Analysis of the Potential for Creating Measurement Standards within the Impact Investing Field

APPROVED BY
SUPERVISING COMMITTEE:

David Springer, Supervisor

Meeta Kothare, Co-Supervisor

Measuring the "Impact" in Impact Investing: An Analysis of the Potential for Creating Measurement Standards within the Impact Investing Field

by

Corrina Jacobs

Report

Presented to the Faculty of the Graduate School of

The University of Texas at Austin

in Partial Fulfillment

of the Requirements

for the Degree of

Master of Public Affairs

and

Master of Business Administration

The University of Texas at Austin

May 2018

Acknowledgements

Dr. Kothare and Dr. Starks - thank you for your guidance on this project and for your immense contribution to my graduate education. I learned a great deal from both of you throughout my time at the University of Texas.

Abstract

Measuring the "Impact" in Impact Investing: An Analysis of the Potential for Creating Measurement Standards within the Impact Investing Field

Corrina Jacobs, MPAff/MBA

The University of Texas at Austin, 2018

Supervisor: David Springer

Co-Supervisor: Meeta Kothare

"Impact investing" is a small but fast-growing field. Impact investors choose investments expecting to achieve measurable social or environmental impact, by investing in organizations that promise to create those benefits while also producing a profit. However, impact investors find it challenging to determine whether a particular investment, or a portfolio of investments, truly produce the desired impact. As a result, there has been a recent push by leading investors and organizations to create one central framework that all impact investors can use across industries. Standardizing impact measurement would provide greater transparency and clarity about the process and make it easier for investors to consider potential impact when making investment decisions.

This report includes a description of the most common impact measurement and management strategies to use when making investment decisions. It also provides analysis of in-depth interviews with leading social entrepreneurs to shed light on the challenges,

risks, and limitations of standardizing impact measurement. The report concludes with recommendations to consider when creating a standardized impact measurement approach and ways that all relevant stakeholders can support this process, based on the key insights from interviews and a review of the current state of impact investing. It also offers areas for further exploration of this rapidly evolving field.

Table of Contents

List of Figures

Key Terms

Below is a list of key terms and the definitions used for the purposes of this research:

Social Enterprise	For-profit organization that addresses a basic unmet need or attempts to solves a social problem through a market-driven approach.
Impact Investing	Investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.
B Corps	For-profit companies certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency.
Benefit corporation	A legal designation currently offered in 34 states for companies that have both financial and social or environmental goals.
Outputs	A company's products, services, and activities.
Outcome	Meaningful difference for target beneficiaries achieved as a direct result of the outputs.
Theory of change	The model that defines how the company or organization will achieve a desired outcome through a set of deliberate outputs. The theory begins with inputs (resources required), outputs, and moves through causal links to a desired outcome.
Negative Screening	The process of excluding certain investments for moral or ethical reasons, such as tobacco or weapons.
Environmental, Social, and Governmental (ESG) Investing	The consideration of ESG-related factors when making investment decisions, including emissions and corporate governance.
Additionality	Within impact investing, additionality refers to the extent to which an investment increases overall social impact. In other words, the difference between the results of an investment and what would have happened without it.

Chapter 1: Introduction

The term "impact investing" was first coined in 2007, during a gathering hosted by the Rockefeller Foundation in Bellagio, Italy that included leaders from the public, private, and nonprofit sectors tasked with creating a framework for investing for a combination of financial and social returns. [1] In other words, impact investors invest in organizations that produce a social good in addition to a profit. Some examples of impact investments include companies creating technology for K-12 public schools, building wells across Africa to ensure access to clean water, and developing solar panels and other energy efficient solutions to reduce carbon emissions.

As the field has grown, investors are still trying to understand the best ways to consider both social impact and financial returns simultaneously when making investment decisions. In 2009, the GIIN (Global Impact Investing Network) launched, with the purpose of organizing meetings, gathering data, and setting forth standards to formalize the impact investing process. They created a set of impact performance metrics called IRIS, which will be discussed in more detail later in this paper. Impact investing is still relatively new but represents a large market: GIIN estimates that there are at least $114 billion worth

1 Case, Jean. "Bringing the Last Decade of Impact Investing to Life: An Interactive Timeline." Case Foundation, 17 Nov. 2017, casefoundation.org/blog/bringing-last-decade-impact-investing-life-interactive-timeline/?gclid=EAIaIQobChMIoNXM6YeZ2QIVHLXACh2GcQzQEAAYAiAAEgKZHPD_BwE.

of impact investing assets under management. [2] That number has been growing rapidly: in its 2010 survey, GIIN estimated $50 billion in assets. [3]

Prior to the "impact investing" definition, investors sometimes considered corporate responsibility in investment decisions using either the negative screening or Environmental, Social, and Governmental (ESG) criteria. Negative screening is when investors exclude certain types of companies from their portfolio because those companies do not align with their values. [4] For example, a religious institution may exclude sin stocks (tobacco, weapons, etc.). ESG investments take into account environmental, social, and governmental factors and determine investments and scoring guidelines based in part on those factors. Institutional investors like Blackrock use ESG ratings created by Morgan Stanley Capital International (MSCI) to determine the ESG profile of their individual investments and, more importantly, their fund's overall ESG performance. Blackrock then sets goals around improving their fund's ESG performance.[5] Impact investing, while similar, is much more targeted in the specific societal outcomes it is targeting. While ESG factors capture a company's commitment to social responsibility, such as carbon emissions and corporate governance, impact investors are concerned with whether a company has a clearly defined social mission and has achieved measurable progress towards that mission.

While GIIN continues to be the leader in putting forth impact metrics, several other organizations and thought leaders have created standards and metrics around measuring

---

2 Mudaliar, Abhilash, et al. *2017 Annual Impact Investor Survey*. The GIIN, May 2017, thegiin.org/assets/GIIN_AnnualImpactInvestorSurvey_2017_Web_Final.pdf.

3 Boulden, Jim. "Making Money and Doing Good: Impact Investing Is Catching On." *CNNMoney*, Cable News Network, 27 June 2017, money.cnn.com/2017/ 06/27/investing/impact-investing-growth/index.html.

4 Investing in a Sustainable Future. BlackRock Impact, 2017, www.blackrock.com/ch/individual/en/literature/whitepaper/blackrock-impact-en-ch-whitepaper.pdf.

5 Ibid.

and reporting the "impact" piece of impact investments. However, given the nascence of the field, there is not a consensus or a standard process for impact measurement of social enterprises. Additionally, much of the literature and the tools themselves have been developed in conversation with impact investors without extensive involvement of the social enterprises themselves – or the communities they are targeting with their impact.

When discussing impact measurement, it is important to highlight the fact that investors have many different purposes and objectives in collecting impact data. One report supported by the Rockefeller Foundation divided the purposes into three main groups: screening investments through "rating systems," summarizing results through "assessment systems," and ongoing tracking through "management systems."[6] This report will focus on the first of those groups: screening investments. Investors are looking for a standard way to compare investments in order to make better informed investment decisions in a wide variety of industries. While the other two objectives are equally important and all three are very much interrelated, this report will focus on the ways in which investors are evaluating potential investments based on social impact guidelines. Additionally, it should be noted that non-profit and government organizations have been defining and measuring their social impact for much longer than the existence of "impact investing." However, given the fact that impact investors are considering both social and financial return simultaneously, there are specific needs with any tool used for impact investing, described in detail below, that distinguish the characteristics of impact measurement within investing to those of the non-profit space.

---

[6] Olsen, Sara, and Brett Galimidi. *Catalog of Approaches to Impact Measurement*. Social Venture Technology Group with Support from the Rockefeller Foundation, May 2008, www.midot.org.il/Sites/midot/content/Flash/CATALOG%20OF%20APPROACHES%20TO%20IMPACT%20MEASUREMENT.pdf.

In addition to impact investing, social enterprise is another term that is relatively new and yet to be clearly defined. The Social Enterprise Alliance defines the term as "organizations that address a basic unmet need or solve a social problem through a market-driven approach."[7] Every definition contains these two elements: social impact and market-driven. Depending on the definition, social enterprises can be non-profit, for-profit, or government organizations. There are many related terms that are often confused with social enterprise, including social entrepreneur, CSR (Corporate Social Responsibility), benefit corporation, and social venture. At its core, a social enterprise should be aiming to achieve both impact and profits simultaneously. Beyond that core descriptor, social enterprise models vary wildly, which is one reason why it is extremely difficult to develop a standardized process for measuring social and environmental impact of social enterprises. This report will use the Social Enterprise Alliance definition with the additional criteria that the social enterprises are for-profit.

Aside from the lack of consensus around defining social enterprise and the wide range of social enterprise models, several other factors make it challenging to find a standardized impact measurement process while screening investments. For example, some aspects of social impact cannot be quantified. The human stories, for example, that show the true picture of social change cannot be standardized or fit into a framework. Further, deep, meaningful impact takes time. In the nonprofit space, most executive directors know that in order to demonstrate the effectiveness of an intervention, research should be conducted over many years. This is especially true if the desired impact is meant to be sustainable and long-term. For example, a company that has built a technology to teach social and emotional learning to children will likely be most interested in the long-

[7] "Social Enterprise." *Social Enterprise Alliance*, socialenterprise.us/about/social-enterprise/.

term outcomes of their service (higher graduation rates, career success, etc.) This type of information would not be possible within a short time-frame. It can also be very challenging and problematic to try to prove causality between the intervention that the social enterprise has created and the desired outcome because there are myriad social and environmental factors that may be playing a role. The table on the following page lists several other core challenges of measuring impact according to leading experts from the Rockefeller Foundation. The list of challenges could be much more extensive and is different depending on the unique needs and priorities of different industries and stakeholders, including investors, social enterprises, government agencies, consumers, and non-profits.

CATEGORY	DESCRIPTION
Defining positive impact	Diverse stakeholders hold diverse definitions of positive impact; some definitions may be competing or conflicting.
Examining complexity of impact measurement	Impact is multidimensional, making standardization of measurement a challenge.
Recognizing mismatch of methods with early-stage business models	Early-stage business models may not lend themselves to measurement, while the fluid and evolving nature of enterprise may necessitate the adoption of numerous and different business models throughout the lifetime of the enterprise.
Perceived value vis-a-vis alignment with investor priorities	Incentives for impact measurement can sometimes be unclear. The value of impact measurement is not consistently understood, including how it can support operations.
Navigating how impact investing fits into the larger landscape	Investors struggle to see how their vision for impact might align with larger existing efforts, such as SDG measures. Current measurement systems exclude B corporations and corporate social responsibility writ large and other classes of companies.
Facing lack of specificity about intentionality	Investors struggle with intentionality of their impact goals, resulting in a weak link between goals and what is measured.
Articulating the value proposition	The value of impact measurement has not yet been clearly articulated and communicated.

Figure 1: Challenges of Measuring Impact [8]

[8] Reisman, Jane, and Veronica Olazabal. *Situating the Next Generation of Impact Measurement and Evaluation for Impact Investing*. The Rockefeller Foundation,

While there are several challenges with impact assessment and measurement, it is also an extremely important piece of ensuring long-term credibility of impact investing. One of the biggest criticisms of impact investing is that there is a strong potential for "impact washing," which is the act of claiming to have a social impact without any real data or metrics to back up that claim. As Michael McCrelles of Root Capital said, "From the outside, it's incredibly hard to tell good 'market-rate impact investing' from 'impact-washing.'"[9] It is partly for that reason that several organizations have come together to develop standards and practices for measuring and reporting, as well as comparing across funds. Impact measurement is also important to better understand why and under what circumstances interventions are effective in order to create better models moving forward to tackle our world's most pressing needs. The results of assessments can inform social enterprise leaders about how to enhance their organizational effectiveness and amplify their impact.

There are some experts within the field who do not believe that a standardized approach to social impact measurement is feasible or advisable. One article from the Stanford Social Innovation Review advocated for creating a pool of stronger social impact analysts who can take information about different social impact measurement programs and effectively compare dissimilar measures of impact. [10] The authors argue that the effort

---

assets.rockefellerfoundation.org/app/uploads/20161207192251/Impact-Measurement-Landscape-Paper-Dec-2016.pdf.

[9] Pothering, Jessica. "Bono Challenges Impact Investing for Being 'Hippy-Ish' about Financial Performance...while Others Debate Impact." *ImpactAlpha*, 29 Mar. 2018, impactalpha.com/bono-challenges-impact-investing/.

[10] Ruff, Kate, and Sara Olsen. "The Next Frontier in Social Impact Measurement Isn't Measurement at All (SSIR)." *Stanford Social Innovation Review*, 10 May 2016, ssir.org/articles/entry/the_next_frontier_in_social_impact_measurement_isnt_measurement_at_all.

to standardize the process would eliminate variation that provides valuable information to stakeholders. However, there is a still a large contingent within the field who are pushing for a standardized approach. Additionally, the effort to train social impact analysts would require a common understanding of the most effective approaches to comparing social impact reports across industries. No matter the overall direction of the industry, it will be essential to train analysts in the nuances, challenges, and variability in social impact measurement.

This report examines the current best practices within the field of impact investing for measuring and reporting social and environmental impact, as well as an examination of how the impact investing field has evolved. Through interviews with impact measurement practitioners, the report also analyzes the potential risks of creating a common impact measurement framework and how these frameworks may be supplemented to provide a clearer picture of impact to use in investment decisions and better inform the work of social enterprises. Based on key insights from those interviews, this report will conclude with recommendations for all relevant stakeholders to support the evolution of impact investing, particularly within impact measurement.

Chapter 2: Methods

This report is designed to answer the following key research questions:

1. What are the methodologies and tools that investors and social enterprises are currently using to measure impact during the initial investment process?
2. What is the state of the impact investing field and what challenges do investors currently face in measuring impact? What is the demand for a standardized impact measurement framework?
3. What do impact measurement experts and practitioners in a variety of contexts believe are the biggest challenges with measuring impact and the potential risks with standardizing impact assessments?

This report explored the first two questions through extensive analysis of relevant literature and news articles, as well as surveys conducted by the Global Impact Investing Network. Interviews were used to answer the third question. The process for conducting interviews involved selecting interviewees, designing questions, and analyzing the results. Each process is described in more detail below.

1. Interviewee Selection

This report includes insights from interviews with 10 people from the following organizations:

- One Seventeen Media: A social enterprise that has developed a set of apps for schools and school districts to use in teaching K-12 students social and emotional (SEL) skills.
- Aunt Bertha: A social enterprise that has created a platform for people to find the social services they need. Aunt Bertha also developed a software that different types

of providers (hospitals, schools, etc.) can use to more efficiently refer their clients to social services.

- Civitas Learning: A social enterprise that created a platform (called the Student Success Intelligence Platform) that leverages data to help students make more informed decisions about their education and empower advisors, faculty, and administrators to personalize their support for students and promote higher graduation rates.
- Greyston Bakery: A social enterprise that uses a trademarked Open Hiring model in its world-class bakery to hire and train individuals who face barriers to employment for a variety of reasons. Greyston has been operating for 35 years and provides the brownies for Ben and Jerry's ice cream.
- GIIN: GIIN is the leading organization to provide support and training to impact investors around the world.
- SASB: SASB has created streamlined standards for companies to report on ESG criteria.
- Mission Capital: An Austin-based non-profit organization that provides a wide range of support services to Austin including consulting, training, and bringing together different leaders to set strategic goals.
- UnLtd USA: An Austin-based organization that serves as an incubator for start-up social enterprises.
- Social Finance: A non-profit organization focused on the growing Pay for Success or social impact bond space in the United States. A social impact bond is a contract with a public sector organization to pay for a pre-determined social outcome that is directly tied to public sector savings.

- Social Innovation Initiative at McCombs Business School: A newly created initiative at McCombs focused on supporting programs and services throughout the University of Texas community that engage students in the intersection of business and social impact.

I selected these organizations in order to represent perspectives from a diverse set of practitioners. First, the interviewees represent social enterprises ranging from seed-stage (One Seventeen Media), Series B (Aunt Bertha), and Series D (Civitas). Greyston Bakery is funded through product sales and a combination of grants from individuals, corporations, foundations, and government agencies to cover wraparound social services. [11] The interviewees also represent organizations who are developing impact measurement standards (GIIN and SAASB) as well as supporting social enterprise practitioners (Mission Capital and UnLtd). The interviewees also included measurement practitioners working with social impact bonds (Social Finance). Finally, the interviewees represent practitioners in the academic space. These companies and organizations represent a wide range of sizes, industries, and perspectives that offer a rich perspective on impact measurement practice today.

2. *Designing Questions*

The questions were developed to provide as much freedom as possible for interviewers to guide the conversation towards their experience and expertise with impact measurement and the challenges within their particular organization. The last question is more directly targeted at the research question, which is whether the creation of a standardized impact measurement template or framework is feasible or advisable (See

[11] Griffin, Jenny. "Greyston Bakery: A Social Enterprise That Tastes Good and Does Good." *ImpactAlpha*, 16 Sept. 2015, impactalpha.com/greyston-bakery-a-social-enterprise-that-tastes-good-and-does-good/.

Appendix _ for the full list of questions). When a question was irrelevant to the interviewee, the interviewer simply did not include it (as opposed to modifying the question to be relevant). The interviewer also allowed for tangents to encourage the sharing of rich information.

3. Analyzing Results

In order to protect privacy of interviewees as well as provide readers with useful insights that could be generalized across the industry, the analysis involved reading through each interview transcript and pulling out 5-7 key themes. If more than two interviewees shared a similar theme, it was included in the final list of five key themes (described in Chapter 6) that can be used to better understand some of the challenges and risks with impact measurement in practice.

4. Limitations of Interviews

Interviews only include self-reported data and therefore there are significant limitations related to the types of information interviewees may have been willing to share and certain biases they have. Additionally, the interviewees represent 10 organizations and therefore the sample size is fairly small. Given that this analysis was completed over the course of a semester, there was a time constraint on the number of interviews possible. However, given the diversity of size and type of the organizations consulted with, the resulting analysis does provide useful information about the practice of measuring impact within organizations.

Chapter 3: Theoretical Approaches to Impact Measurement

Investors and investees can tackle impact measurement in a myriad of ways. A 2015 study from Harvard Business School broke down the main approaches into four categories: expected return, theory of change and logic model, mission alignment, and experimental/quasi-experimental.[12] Expected return is an analysis of the expected social value (in dollars) from a program compared to its financial costs, discounted to today's value. This approach is modeled after expected return analysis in traditional investing. For example, a program that improves school attendance will earn the school a specific amount of money, which can be compared to the cost of administering the program.

Theory of change is a process long used in the non-profit world that maps out a company's logic model from initial inputs, to outputs, to short and long-term expected outcomes. This model allows organizations to conceptualize how they intend to achieve a desired long-term outcome and the causally-linked steps along the way. Theory of change is useful in the process of clarifying how a company will achieve its desired long-term outcomes and whether the company's activities can realistically be expected to result in the company's stated goals.

Mission alignment is the process of using metrics to map progress towards stated goals. It is similar in function to the use of Key Performance Indicators (KPIs) in the business community. For example, a company that is installing wells in Kenya may decide to measure the number of wells installed, number of families using the wells, and amount of water collected as metrics tied to their mission of improving long-term health and financial outcomes in the communities where they operate.

[12] So, Ivy, and Alina Staskevicius. *Measuring the "Impact" in Impact Investing*. Harvard Business School, May 2015, www.hbs.edu/socialenterprise/Documents/MeasuringImpact.pdf.

Finally, experimental and quasi-experimental methods are post-intervention evaluations that use counterfactuals (what would have happened without the intervention) to measure the effectiveness of a company's activities. Randomized control trials (RCTs) are a common, and extremely costly, version of experimental methods. Social enterprises rarely have the resources to cover the costs of experimental methods and often need to rely on outside investors or funders who are invested in measuring impact. While costly, experimental methods are the most effective approach in tying a company's inputs and outputs to their desired long-term outcomes.

Each of these approaches share the common thread that the results of analysis are only as good as the quality of data used. Therefore, for each method it is important for investors and social enterprises to establish proper guardrails ensuring that data collected is accurate. The approaches differ in the main objectives and limitations. Expected return does not help with the design of a strategy to achieve a desired outcome – it is only used to measure the financial value of a proposed intervention if the desired outcome is achieved. It can also not be used for organizations in which the impact does not have a quantifiable result. However, it is a useful approach for organizations with a clear, measurable financial outcome and it communicates impact in a language familiar to the private sector. Theory of change is helpful to understand the underlying assumptions within a social enterprise's approach to impact. It is a direct, linear model that is easily communicated to investors and helps with the company's planning process. It is not generally used, however, to measure the effectiveness of a program after the fact because it is often too broad. Given that it is not linked to business or financial tools, it may also be unfamiliar to many impact investors and therefore difficult to incorporate into current processes.

Mission alignment methods, including the use of key metrics and scorecards, are also likely to be familiar to investors from the private sector because of their similarity to tools such as the Balanced Scorecard. [13]The metrics used are generally focused on outputs, such as number of people served, versus long-term outcomes, such as improved financial stability. This method allows investors and social enterprises to plan and monitor impact based on agreed-upon metrics. Due to the focus on outputs, however, it has the potential to result in a focus on numbers that do not reflect the full impact of a social enterprise's activities. It would also be difficult to standardize this approach across social enterprises because metrics will be necessarily different across industries.

Finally, the experimental and quasi-experimental method has the advantage that it is one of the only ways to demonstrate causal links between intervention and outcome. It is also a well-regarded scientific approach and would therefore lend credibility to the investor and investees. However, this method is not possible in any environment that cannot be controlled and is also cost and resource prohibitive for the majority of social enterprises.

13 "What Is the Balanced Scorecard?" *Balanced Scorecard Institute*, www.balancedscorecard.org/BSC-Basics/About-the-Balanced-Scorecard.

Chapter 4: Leading Impact Rating Tools and Practices

The fact that there are myriad different approaches to impact measurement (each with its own advantages and disadvantages), contributes to the difficulty of standardization. Additionally, the field is constantly evolving and new impact measurement tools are being released almost every week. During the culmination of compiling this report, for example, GIIN released two brand new resources for impact investors to use in designing impact measurement programs. These resources include the "Impact Toolkit," which they describe as "the most comprehensive database of impact-focused systems, methods, indicators, and data in the world."[14] The toolkit is a repository of impact systems, methods, indicators, and data that investors can visit to understand the options available. It contains a wide range of filters based on theme, geography, and beneficiary. GIIN also released "Navigating Impact," which they describe as "an online platform designed to help investors select impact strategies and adopt core metrics sets to track performance toward their goals." [15] The investor starts by selecting an investment theme (affordable housing, sustainable agriculture, etc.) and then is guided through a series of exercises, moving from choosing a desired impact outcome to asking questions around the dimensions of impact and the relevant IRIS metrics. These tools are brand new and still being developed, so they are not included in the full list of tools described below that investors are currently using. However, GIIN is at the forefront of a movement that several other organizations are part of to better understand the best approaches to impact measurement within the field.

---

14 "Your Impact Toolkit." *The GIIN*, impacttoolkit.thegiin.org/.

15 "Navigating Impact." *The GIIN*, https://navigatingimpact.thegiin.org/.

GIIN also released in March 2018 a report entitled, “The Roadmap for the Future of Impact Investing: Reshaping Financial Markets.”[16] In it, GIIN lays out several actions needed in order to accelerate the evolution of impact investing and achieve its full potential to transform financial markets. One of those actions is to design tools and services for impact investors to use while integrating impact into routine analysis of potential investments. The report states, “To date, the field has seen modest and uneven development in terms of the specific needed tools or elements that comprise supporting infrastructure.” GIIN is clearly working towards that action, but there is still significant work left to do.

Most of the current processes being used fall within the category of mission alignment described above. The list below outlines some of the leading approaches and tools being used, but it is by no means exhaustive of every tool available. Many of these tools are meant to be used together and were developed as a result of partnerships across several organizations. The creators recognize that the tools will need to be adapted to the specific needs and objectives of each investor and investee. However, the tools are meant to provide a starting place for impact measurement and a common language throughout the impact investing field.

The tools are also designed with different express purposes, but all can be used to inform the initial investment decision. This report divides the tools into three categories: metrics, methodologies, and ESG-related reporting standards. Metrics will include all tools that give investors a repository of different metrics (people served, people hired, etc.) to use when articulating and measuring impact. Methodologies include those tools that do not prescribe metrics, but instead offer investors a series of questions and a way of

[16] “Roadmap for the Future of Impact Investing: Reshaping Financial Markets.” *The GIIN*, Mar. 2018, thegiin.org/assets/GIIN_Roadmap%20for%20the%20Future%20of%20Impact%20Investing.pdf.

conceptualizing the impact of their investments. ESG-related reporting standards are those tools that do not measure impact directly but can be used by investors to incorporate ESG factors into their financial reporting alongside an impact measurement practice.

Metrics:

IRIS

GIIN is one of the leading organizations in the field and defines itself as a "nonprofit organization dedicated to increasing the scale and effectiveness of impact investing around the world."[17] They manage the IRIS platform, which is a catalogue of about 400 performance metrics around social, environmental, and financial performance that investors and social enterprises can choose from in order to design an impact measurement program. Given that IRIS offers a range of metrics in the form of a catalogue, it is meant to be customized by individual impact investors based on a range of factors, including: investment thesis, industry, desired returns, risk tolerance, etc. IRIS is meant to be used in conjunction with another performance management platform that will take the additional step of collecting, analyzing, and reporting data. Impact investors and social entrepreneurs can use the catalogue to select relevant impact metrics and then design an impact assessment system from there. GIIN provides a number of examples of how other funds have used the tool in what is called the IRIS Registry.

IRIS is a useful starting place for investors who are unsure where to begin with impact measurement. It is also non-prescriptive, meaning that investors can choose the metrics best suited to tackle their portfolio of investments. However, the vast majority of the metrics are outputs (clients served, units sold, etc.) and therefore likely do not capture the full picture of impact, such as sustained financial stability. GIIN recognizes in the IRIS

[17] "About The GIIN." *The GIIN.* https://thegiin.org/about/

instructions that they are not providing all of the important components of establishing an impact measurement plan, including developing a system for collecting and analyzing impact data. GIIN also highlights the importance of obtaining buy-in from investees during the process of selecting metrics to ensure a smooth data collection process. They provide extensive resources about other organizations that have developed data management systems without any guidelines about how to select the system best suited to each organization's needs. The IRIS also does not include guidelines about how to think about data, including caution about using the metrics to capture a program's full social and environmental impact. Therefore, while the IRIS is useful if an investor does not know where to start in selecting metrics, it does not effectively provide a common approach to impact measurement for use in the investment decision-making process.

IRIS* Metric (IRIS* Code)	2015	2014	2013
1. Client Organizations (PI9652)	**672 businesses** that earned	651	540
2. Earned Revenue (FP5958)	**$3.1B** in combined annual revenue and reached	$3.1B	$1.8B
3. Supplier Individuals (PI5350)	**2.1M farm households,** including at least	1.2M	800,000
4. Supplier Individuals: Female (PI1728)	**715,000 female farmers** as well as	430,000	240,000
5. Permanent Employees (PI8869)	**37,000 permanent employees**	26,000	25,000

Figure 2: Use of the IRIS metrics by the Council on Smallholder Agricultural Finance [18]

Progress out of Poverty Index

The Progress out of Poverty Index (now known at the Poverty Probability Index), was developed by the Grameen Foundation with support from the Consultative Group to

[18] "CSAF Impact." *CSAF*, www.csaf.net/impact/.

Assist the Poor (CGAP) and the Ford Foundation. [19] It is a poverty measurement system for organizations whose mission is to serve the world's poor. The tool includes a set of 10 questions about a household's characteristics and asset ownership to predict whether a family lives below the poverty line. It is used by organizations to assess the demographics of their current clients and measure how effectively they are reducing poverty over time.

This tool is clearly limited in the fact that it only measures one aspect of social impact. However, it has been evaluated over the past 13 years as an effective measurement tool and has gained credibility within the international development world. The simplicity of the tool also makes it simpler for on-the-ground staff to collect data. However, it is not broad enough to be used across the impact investment field.

Indicator	Value	Points	Score
1. How many household members are 17-years-old or younger?	A. Four or more	0	
	B. Three	8	
	C. Two	15	
	D. One	23	
	E. None	30	
2. Do all children ages 6 to 17 attend school?	A. No	0	
	B. Yes, or no children ages 6 to 17	1	
3. Can the female head/spouse read and write?	A. No	0	
	B. Yes, but not in Kiswahili nor English	0	
	C. No female head/spouse	0	
	D. Yes, only in Kiswahili	5	
	E. Yes, in English (regardless of others)	12	
4. What is the main building material of the floor of the main dwelling?	A. Earth	0	
	B. Concrete, cement, tiles, timber, or other	11	
5. What is the main building material of the roof of the main dwelling?	A. Mud and grass	0	
	B. Grass, leaves, bamboo	8	
	C. Concrete, cement, metal sheets (GCI), asbestos sheets, tiles, or other	11	
6. How many bicycles, mopeds, motorcycles, tractors, or motor vehicles does your household own?	A. None	0	
	B. One	1	
	C. Two or more	11	
7. Does your household own any radios or radio cassettes?	A. No	0	
	B. Yes	5	
8. Does your household own any lanterns?	A. No	0	
	B. Yes	6	
9. Does your household own any irons (charcoal or electric)?	A. No	0	
	B. Yes	6	
10. How many tables does your household own?	A. None	0	
	B. One	2	
	C. Two	4	
	D. Three or more	7	

Figure 3: PPI Sample Questionnaire[20]

[19] "About the PPI: A Poverty Measurement Tool." *Innovations for Poverty Action.* https://www.povertyindex.org/about-ppi

[20] Larsen, Anne, and Helene Lilleor. "Beyond the Field: The Impact of Farmer Field Schools on Food Security and Poverty Alleviation." *World Development*, Science Direct, 13 Aug. 2014, www.sciencedirect.com/science/article/pii/S0305750X14002058.

Sustainable Development Goals

On September 25th, 2015, the United Nations came together and decided on 17 goals to "end poverty, protect the planet, and ensure prosperity for all" by the year 2030. [21]Each of the goals has a set of more specific targets to measure success towards that goal. For example, the goal of "No poverty" includes, "Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions." The Sustainable Development Goals, or SDGs, have been used by a large number of impact investors and funds in thinking about large scale social impact and identifying key issue areas. While these goals are not as specific as the IRIS metrics or B Lab Impact Assessment, several organizations have released frameworks for impact investors to align their investment with the SDGs. For example, Toniic, a community for impact investors, created an "Impact Theme Framework" using the SDGs that includes definitions for key terms and goal-aligned metrics taken from IRIS.[22]

These goals are useful because they are a common language between the investment, non-profit, and government communities interested in large-scale social change. They are also broad enough that they apply to a wide range of sectors and industries. However, the broadness also makes it difficult for the SDG framework to be used in defining specific, measurable goals within the 17 goals.

---

21 *Sustainable Development Goals*. United Nations, www.un.org/sustainabledevelopment/sustainable-development-goals/.

22 *Sustainable Development Goals – Impact Theme Framework*. Toniic, 15 Mar. 2017, www.toniic.com/sdg-impact-theme-framework/.

Figure 4: List of the Sustainable Development Goals

Methodologies

<u>Impact Management Project</u>

One of the collaborations that has been working to create a shared framework that all impact investors can use when considering the impact of their investments is called the Impact Management Project, led by Bridges Impact+. According to their website, the Impact Management Project (IMP) is "a collaborative effort by over 700 organizations, from different disciplines and geographies, to agree on shared fundamentals for how we talk about, measure, and manage impact – and therefore our goals and performance."[23] After surveying those organizations, the IMP set forth a set of five key dimensions on which impact investors should consider the impact of their investments (outlined in Figure _ below). The IMP released this framework with the intention that each investor would use their own data measurement and management platform in order to track the relevant

[23] "Overview." *Impact Management Project*, www.impactmanagementproject.com/.

information within each dimension. According to the Omidyar Network, "adoption of these norms will enable us to share our preferences with each other more clearly and across investment value chains, resulting in a more efficient marketplace -and ultimately, more capital deployed into impact solutions across asset classes." [24]

The IMP is still in its initial phases and is calling these five dimensions a "convention" as opposed to a tool, framework, or measurement approach. They have made the distinction because they understand that investors will need to take these dimensions and choose a tool to actually measure and analyze impact data. The purpose of the dimensions is to create a shared language for investors to communicate and compare their impact. Phase 1 of the project resulted in the creation of the dimensions, while Phase 2 (through September 2018) will involve working with standards bodies to incorporate the dimensions and test their usefulness in practice with groups including GIIN, TONIIC, and the Aspen Network for Development Entrepreneurs. Given the recent emergence of this project, it is difficult to analyze whether the dimensions will be useful in creating a standard language for use in the impact investing field. The IMP's website is also difficult to navigate and contains a large amount of information about the ways to think about impact measurement, which is useful to think about but may result in widely different applications of the convention they have established. It is also unclear from the materials how investors should be using the conventions while making investment decisions. For example, the website recommends several strategies for using the dimensions when comparing social enterprises from different industries. These strategies include creating a scoring system for each dimension or focusing on one metric that is common across the portfolio. The

---

24 Alam, Ryan. "Why We Invested: The Impact Management Project | Omidyar Network." *Omidyar Network*, 19 July 2017, www.omidyar.com/blog/why-we-invested-impact-management-project.

materials do not provide an example of a potential scoring system or explore the myriad limitations with both of these approaches to use as part of a decision-making process. This limited guidance about the practical use of the dimensions limits their potential for widespread adoption.

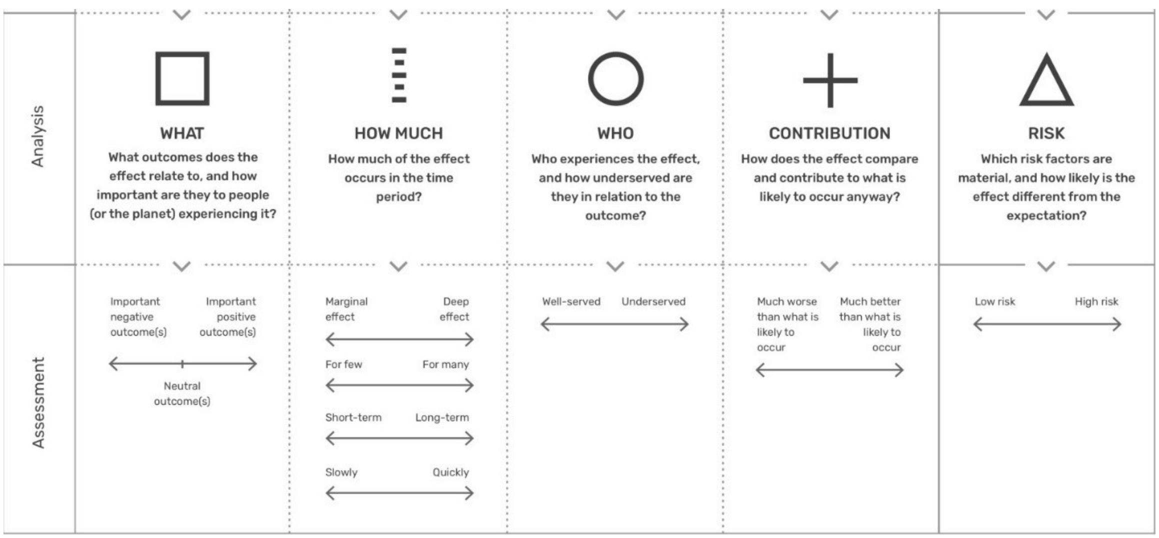

Figure 5: Impact Management Project's Five Dimensions

<u>Bridges Impact</u>

Bridges Ventures, founded in 2002, is a leading impact investment fund. They take a thematic approach to investing within three key issue areas: education and skills, health and wellbeing, and sustainable living. [25] Bridges Ventures evaluates potential investments primarily using the IMPACT Radar, which includes four key criteria: ESG, Alignment, Additionality, and Target Outcomes. Each criteria is rated on both risk and return using a 3-point scale. Each level of the ratings system has a description. For example, the return

[25] "Our Approach." Bridges Fund Management. http://www.bridgesfundmanagement.com/us/our-approach/

score under additionality would be a 3 (high) if Bridges is incubating the business. Figure 5 is a visual representation of the Bridges methodology.

This tool is useful for thinking about impact within the risk/return paradigm and a great starting place for impact investors to consider a wide range of factors in thinking about impact. However, it does not provide guidance about how to collect data to measure impact or how to ask the right questions during the due diligence process to answer each question within the tool.

I. TARGET OUTCOMES	**RETURN ANALYSIS:** Does the investment **create depth and/or scale** of impact? Does the investment benefit **an underserved beneficiary group or society at large**? What **systemic or wider impact** will occur from the investment?
	RISK ANALYSIS: How well-tested are the causal links in the logic model?
II. ADDITIONALITY	**RETURN ANALYSIS:** Is Bridges integral to the development/performance of the investment?
	RISK ANALYSIS: Does the investment lead to outcomes that would not otherwise occur?
III. EXTERNALITIES	**RETURN ANALYSIS:** Does the investment generate positive externalities?
	RISK ANALYSIS: Can risk of negative externalities be mitigated?
IV. ALIGNMENT	**RETURN ANALYSIS:** Does the investment optimize performance against both its impact goals and financial goals?
	RISK ANALYSIS: How aligned is the business model of the investee with its generation of impact?

Figure 6: Bridges Ventures' Impact Radar[26]

ESG-related Reporting Standards

<u>B Impact Assessment (BIA) and Global Impact Investment Rating System (GIIRS)</u>

---

[26] Barby, Clara, and Emilie Goodall. "Building Impact-Driven Investment Portfolios." *From Ideas to Practice, Pilots to Strategy*, World Economic Forum, Sept. 2014, reports.weforum.org/impact-investing-from-ideas-to-practice-pilots-to-strategy-ii/3-building-a-strategy-integrating-impact-investing-in-the-mainstream-investors-portfolio/3-2-building-impact-driven-investment-portfolios/.

B Lab is "a non-profit organization dedicated to using the power of business as a force for good."[27] They are the third-party certifier of B Corporations, which are companies that apply and qualify based on a series of environmental, governance, and social standards. The assessment that B Lab uses to certify B Corporations is available for free on their website and is called the B Impact Assessment. It is partnered with B Analytics, which is a data management platform that pulls results from the B Impact Assessment and can compare that information across companies and sectors. The assessment process includes over 300 indicators within five key areas: governance, environment, workers, community, and customers. Each question also contains information about related best practices. The data collected from each assessment is synthesized and used for benchmarking, but it kept entirely confidential. After completing the questions, the company receives a score between 1-100 that can be compared across industries.

The B Lab tools incorporate IRIS metrics into the questions and fund managers can require companies to collect IRIS metrics in addition to completing the B Lab Impact Assessment. The largest benefit of the B Lab tools is the aggregated data across many different companies. B Lab also provides the GIIRS that fund managers can use to determine a fund-level rating that aggregates scores across an investment portfolio. B Lab partners with GIIN to analyze that data and advance the field of impact investing and performance measurement.

Much like the IRIS, the B Impact Assessment is a useful starting place for measuring impact. The questions are generally focused on ESG (Environmental, Social, and Governance) criteria that determine general social consciousness of a company, such

27 *About B Lab*. B Lab, www.bcorporation.net/what-are-b-corps/about-b-lab.

as employee benefits and corporate governance structure. It is also extremely practical that the assessment provides explanations and real-world examples for each question, which gives companies an actionable component to the assessment if there are areas they want to improve in. However, the assessment does not provide a way to measure direct community impact. While the final scores reflect a general commitment to social and environmental responsibility, they do not capture a company's impact or provide a system for collecting and analyzing impact data. This assessment is most useful for impact investors interested in screening their investments for ESG criteria.

2011 Patagonia, Inc.
B Impact Report

Impact Area	Average score of other businesses	Company score
Governance	10	15
Accountability	6	12
Transparency	3	3
Workers	22	25
Compensation, Benefits & Training	15	17
Worker Ownership	2	2
Work Environment	4	6
Community	32	20
Community Products & Services	15	0
Community Practices	15	20
Suppliers & Distributors	4	9
Local	5	1
Diversity	2	3
Job Creation	2	1

Figure 7: Sample B Lab Impact Assessment for Patagonia

Global Reporting Initiative

The Global Reporting Initiative (GRI) is "an independent organization that has pioneered sustainability reporting since 1997." They have developed a comprehensive set of metrics, continuously improved over 20 years, that "represent global best practice for reporting on economic, environmental and social issues."[28] The process for using the GRI standards starts with three universal standards intended for every organization that prepares a sustainability report, which includes an explanation of how the standards were used in addition to metrics surrounding governance and management. The GRI then includes topic-specific metrics tailored to company needs, including economic, environmental, and social standards. Under environmental topics, for example, are biodiversity, emissions, and water. Companies can choose which of these topics are material and develop reports using the list of metrics for each individual topic.

The GRI is useful because it is extremely comprehensive and based on best practices within each industry. It is also meant to be included alongside a company's other financial reports and is based on what is likely to be material for each company, which increases the likelihood of adoption. However, partly due to its comprehensiveness, the GRI is cumbersome and, as a result, would be difficult for any small social enterprise to implement. The metrics are also tied to ESG factors, such as human rights, environmental impacts, and socially responsible marketing practices. While these factors are extremely relevant to a company's social responsibility, they do not assess the success of a company in achieving a specific and actionable social mission. The GRI is therefore useful to understand how social and environmental factors are being reported, but not an appropriate tool for impact investors to use in measuring impact.

---

28 "About GRI." *Global Reporting Initiative*. https://www.globalreporting.org/information/about-gri/Pages/default.aspx

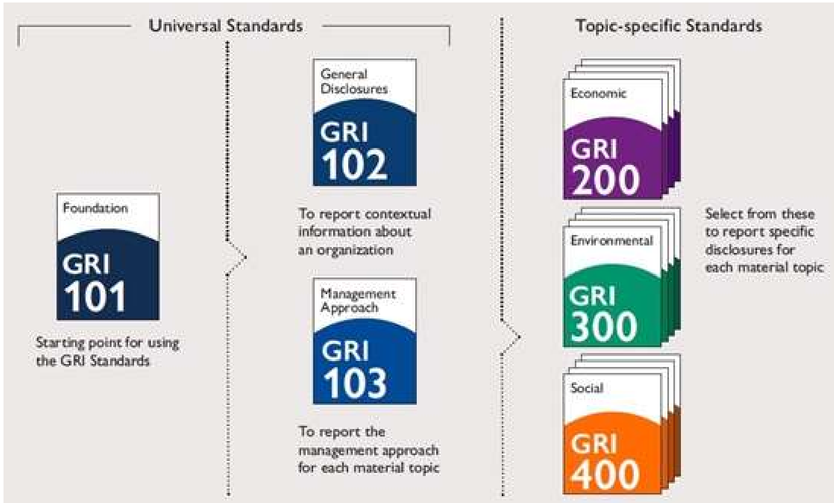

Figure 8: GRI Flow Chart of Different Components[29]

Sustainability Accounting Standards Board

Incorporated in 2011, SASB is a non-profit organization that is "dedicated to enhancing the efficiency of capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs."[30] They have created accounting standards for 79 industries in 11 sectors: Health Care, Financials, Technology & Communication, Non-Renewable Resources, Transportation, Services, Resource Transformation, Consumption, Renewable Resources & Alternative Energy, and Infrastructure. The standards are designed to be directly incorporated into 10-K or 20-F disclosures. SASB was born out of a need within the investment industry for clearer standards around measuring and reporting the material impacts of corporate sustainability. David Parham, deputy director of research at SASB, said, "Traditional accounting is great

---

29 "GRI Standards Download Center." Global Reporting Initiative. https://www.globalreporting.org/standards/gri-standards-download-center/

30 "Sustainability Accounting Standards Board." https://www.sasb.org/

at valuing and reporting traditional physical assets, but intangible assets like brand value or the value of R&D are inherently linked to a company's business model and its sustainability, environmental, and social impact."[31]

The process of developing the SASB standards was comprehensive and involved leaders from a wide range of industries. They received 120 letters during the open comment period and have continued to iterate on the standards in response to direct feedback. While these standards are not focused on impact, they offer a powerful example of streamlined, industry-specific standards that can be directly incorporated into financial reporting and used to make investment decisions. During the development of any standardized impact measurement, SASB is a great example to look towards for a process that was streamlined, engaged a wide variety of stakeholders, and incorporated the standards directly into tools that companies and investors were already familiar with.

[31] Danigelis, Alyssa. "Sustainability Accounting on the Rise: Q&A with SASB's David Parham." *Environmental Leader*, 21 Feb. 2018, www.environmentalleader.com/2018/02/sustainability-accounting-david-parham/.

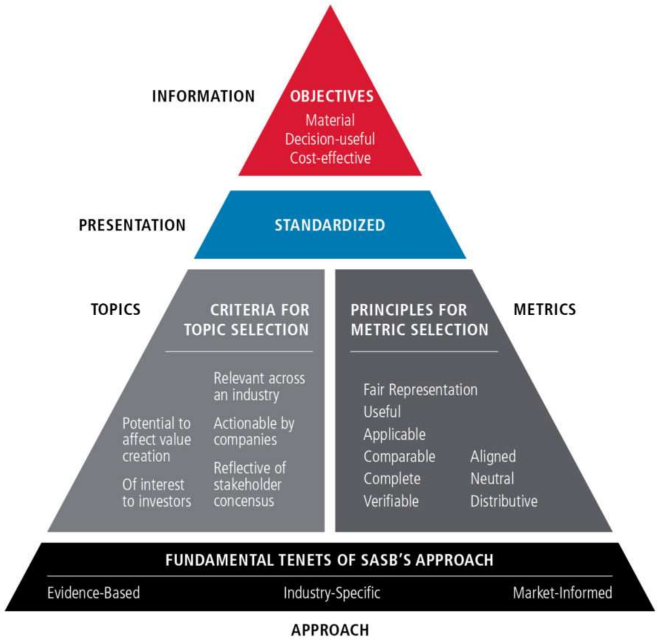

Figure 9: The SASB Conceptual Framework

Summary

These tools represent a small percentage of the available impact measurement tools; however, they do provide an overview of the types of options available to investors and the understandable confusion about how to select an appropriate approach. It is also clear from reviewing these tools that the impact assessment process will only be successful if there is a clear understanding of why a certain tool was selected and a strong partnership between the investor and investee to collect and report rich and meaningful data.

Chapter 5: The State of Impact Measurement Practice

Given that the impact investing field is so new, it is important to understand the state of the practice and how impact investors are currently thinking about measuring impact. GIIN conducts analysis among impact investors to describe trends in the field and identify areas for further growth. This survey is useful in analyzing the current state of the impact investing field, how impact investors are approaching impact measurement, and what they see as the biggest challenges to incorporate impact into investment decisions. In the 2017 Annual Impact Investor Survey, GIIN found that 75% of those investors surveyed reported using proprietary metrics or frameworks to measure impact, while 65% use qualitative information.[32] 62% use the IRIS metrics, followed by the United Nations Sustainable Development Goals (42%), B Analytics (41%) and the Principles for Responsible Investment (26%). 37% reported that they customize metrics for each investment and use some metrics across the entire portfolio, while 24% use the same metrics across all investments. In terms of the types of desired impact, the highest cited goal was "decent work and economic growth' (24%), followed by "good health and well-being" and "quality education." The goals were based on the United Nations Sustainable Development Goals (SDGs). Most impact investors targeted more than one goal, with the average of four.

In regards to the challenges investors are facing, most of the respondents cited limited suitable exit options, lack of sophistication of impact measurement practice, and limited research and data on products and performance. 43% reported challenges in collecting quality data. When asked about what was needed to advance the field, the top-

32 Mudaliar, Abhilash, et al. *2017 Annual Impact Investor Survey*. The GIIN, May 2017, thegiin.org/assets/GIIN_AnnualImpactInvestorSurvey_2017_Web_Final.pdf.

cited reason (76%) was “transparency in impact data and results,” followed by “common impact-based principles for investing” (58%) and “consideration of impact data with equal emphasis and rigor to financial risk and return in decision-making” (53%). The World Economic Forum also came together to evaluate the state of the impact investing field. They came up with seven key areas for improvement, including: “a clear action agenda, agreed-upon conventions and norms, common core indicators of impact performance, defined principles and protocols for impact measurement, impact evaluation, transparency of research and data, and examples and case studies.”

The results of these surveys demonstrate that impact investors are looking for a common framework for impact measurement and are frustrated with the lack of clarity in the way impact is measured and reported. They also show that impact investors are using a wide range of practices in thinking about impact (many of them proprietary tools tailored to the needs of the investor), which will likely pose a significant challenge when thinking about transitioning to a common strategy that meets the diverse needs of impact investors of different structures, focused in different geographies and industries, and with unique objectives.

Chapter 6: Interviews with Social Enterprise Practitioners

While the standardization of impact metrics would be useful for impact investors in clarifying the investment process, there are also several risks and limitations of the standardization process. In order to better understand these risks, this report includes the results of interviews with social enterprise and impact measurement practitioners from a wide range of industries, including OneSeventeen Media, Aunt Bertha, Civitas Learning, Greyston Bakery, UnLtd USA, Mission Capital, GIIN, SASB, Social Finance, and the Social Innovation Initiative at McCombs. These interviews served several purposes. First, the practitioners provided a firsthand account of the wide range of impact measurement approaches that social enterprises are using and some of the challenges they face in implementing and evaluating these measurement systems. Second, the professionals interviewed provided insights about some of the misconceptions they believe funders have about the practice of impact measurement and the limits of the resulting data. Third, and perhaps most importantly, interviews offered important cautions about the concerns social enterprises might have in the process of developing a common set of standards and some strategies for mitigating those risks.

This report offers the five themes that were common across all ten interviews and are useful in thinking about designing a common impact measurement framework. Those themes include:

1. ***Understand impact risk tolerance: Failure and success should be closely examined***

Almost every professional interviewed spoke to the importance of evaluating impact data within a much wider context. For example, one social enterprise director said, when discussing the nature of enterprises that benefit individual people, “At the end of the day you have to remember that it is people - it's not just I'm going to donate by planting a tree. At the end of the day, there is a lot of complexity and outside factors that affect the people we're servicing… It's very organic and it's not always a sure thing. Just because you invest in somebody, sometimes they do well, but not everybody does. That can be frustrating to people." This demonstrates the importance of understanding success versus failure. When impact appears to fail, does that mean the intervention is ineffective, or are other environmental factors limiting the potential of the intervention? One interviewee gave the example of a workforce training program and spoke to the importance of providing holistic services, which included connecting clients to drug rehabilitation centers, quality childcare, counseling, and a myriad of other services. Start-up social enterprises, therefore, might not be achieving their desired outcomes, but effective analysis of the data and engagement with target beneficiaries might demonstrate that the product or service would be more effective if combined with other support or interventions.

Even in the case of "success," (a company has achieved their desired outcome), it is important to recognize and understand these external factors. As another leading impact measurement practitioner said, "For a funder, there are things you can use data to support, but there are so many external forces that have to happen to hit any goal you're trying to reach. There could have been other things going on. It's better than a wild guess, but data is not perfect and it's not an absolute."

2. ***Consider second order outcomes: The importance of understanding all potential unintended effects of a company's activities***

Another theme that came out of several conversations is the importance of understanding how a company is interacting with communities and environments to produce a wide range of impacts, some of which are unintended and potentially negative. These "second-order impacts" are extremely varied and can relate to social, economic, and environmental results of a company's product or service. One social enterprise practitioner gave the example of how entrepreneurs are potentially redistributing power in small communities. What are the immediate effects of a power shift, and what are the potential long-term consequences? This is an important question for all social enterprises, but likely most important when the social entrepreneur is not a member of the community he/she is targeting and therefore may not understand all of the cultural nuances. For example, a social enterprise providing low-cost solar panels to a community in Nigeria may be displacing local energy companies that offer important job security to local people.

Another related issue is the limitations of focusing only on causal connections when measuring impact. Theory of change in particular is a tool that is focused on determining how specific activities and outputs of an organization are explicitly tied to short and long-term outputs. Investors generally want to understand how the social enterprise's activities are directly producing a desired social impact. As one former social enterprise advisor said, "What collective impact understands is that a change in human behavior doesn't lend itself to causal impacts…if we only think of causal connections, we're just not going to see at the level of community." Given that a social enterprise will need to interact with community partners and integrate into a much larger framework, it is useful to think beyond causal connections about how the social entrepreneur is effectively engaging with a larger ecosystem to produce collective impact. For example, a social entrepreneur that has developed an app to teach K-12 students about social and emotional skills will need to consider a wide range of other interventions happening within the school ecosystem, including counseling, bullying prevention programs, and after-school activities. Instead of just asking the question of whether the app alone produced a change in social and emotional skills, the more important question might be how did the app integrate into a larger set of services to produce a change in students' ability to process and interact with the world around them in a healthy way?

These insights suggest that any system for evaluating the impact of non-profits should build in questions about second-order effects. It may likely be too costly for small social enterprises to invest in the measurement of those effects; however, asking in-depth questions will promote thoughtfulness from both social entrepreneurs and impact investors about the wide range of ways a social enterprise may be interacting with the communities in which it operates, in both positive and negative ways.

3. Community First: The most important source of data will always be the target clients or beneficiaries

A third common theme of interviews was the importance of including metrics that reflect direct feedback from the community. Tools like IRIS and other metric databases provide a great way for social enterprises and investors to measure the quantity of people served and services delivered. However, without asking for direct input from those targeted for impact, a measurement program is missing a valuable opportunity to capture community feedback and use that feedback to iterate on and improve the company's activities to be more responsive to specific community needs and preferences. As Melinda Gates said in her foundation's annual letter, "We've learned over the years that listening and understanding people's needs from their perspective is not only more respectful—it's also more effective."[33] This can be done in simple and direct ways. One social entrepreneur interviewed uses the Net Promoter Score, which asks clients to rate how likely they would be to recommend the product to a friend. Those scores offer powerful insights about the effectiveness of the product in engaging its users, even if it achieved a desired social impact outcome. It is also fast, which is a huge concern for social entrepreneurs who do not want

---

33 Gates, Bill, and Melinda Gates. 10 Tough Questions We Get Asked. Bill and Melinda Gates Foundation, 13 Feb. 2018, www.gatesnotes.com/2018-Annual-Letter?WT.mc_id=02_13_2018_02_AnnualLetter2018_BG-media_.

to interrupt the lives of their clients. Another social entrepreneur spoke to the importance of asking the client directly and said, “They could do some kind of grading on the benefit they see. The perception is fact - if they perceive the product to be effective, then it is for them, versus some number saying it is effective when they don't think it is.”

This issue is also important to think about in the context of the at times competing goals of impact depth versus breadth. Breadth refers to a broader measure of impact that identifies how many people were impacted in total. Depth, in contrast, looks at the individual level and measures the short and long-term impact of a company on each individual life. One social entrepreneur spoke about this in the context of what he reports to investors versus what he feels is most important. He said while he generally reports to funders how many people have used the product as a measure of impact, he is far more concerned with how many peoples’ lives improved significantly after using the product. He said, “What changed in their life? What were the downstream effects? At the end of the day, the impact we want to have is that peoples’ lives are happier, healthier, and safer.” Depth is much more difficult to measure. In the case of this social enterprise, data privacy makes it impossible to follow up with individual users unless they willingly participate in surveys. However, every social entrepreneur interviewed for this report identified direct client and customer feedback as the richest and most valuable source of information to understand whether the company is having a real and sustained impact.

4. ***Take a holistic perspective: Impact should not be evaluated separately from the rest of a company’s performance management program***

Several interviewees commented on the concept of business models designed to be in “lock-step” with the impact model. This means that as the business and profits grow, the impact grows in equal or greater measure. For impact investors, this question is essential because when the business and impact are in lock-step, there is a significant reduction in risk that an investee will be distracted from social impact goals or incentivized to make decisions that would detract from potential social impact. Given the importance of considering how the business and impact models are tied together, this suggests a natural conclusion that the business performance and impact performance should be *measured* together.

One example of a business with a lock-step model is a company that produces technology designed to help autistic children learn to communicate verbally. According to Autism Speaks, about 25% of those with Autism Spectrum Disorders (ASD) are mostly nonverbal.[34] Companies like SceneSpeak are creating platforms that teach autistic children verbal communication through interactive games and ebooks.[35] Another example is Storm Sensor, a company that has patented technology to help municipalities manage and analyze the data from catch basins. This helps those municipalities work towards solutions that will make communities more resilient to future weather events.[36] Both of these examples, while extremely different, demonstrate companies whose base product is achieving the desired social impact. As sales increase and the companies become more profitable, impact will increase as well.

Another type of business model that many are familiar with within the social enterprise space is the one-for-one model. TOMS Shoes, for example, gives away a pair of shoes every time a consumer buys a pair.[37] They have extended this model to include eye screening and water projects in developing countries (tied to their eyewear and coffee

---

34 "What is Autism?" *Autism Speaks.* https://www.autismspeaks.org/what-autism.

35 "Good Karma Applications: SceneSpeak." *Good Karma Applications.* https://www.goodkarmaapplications.com/scene-speak1.html.

36 "Storm Sensor: The Cloud-Based Stormwater Monitoring System." *Storm Sensor.* https://www.stormsensor.io/

37 "Improving Lives." *TOMS Shoes*. https://www.toms.com/improving-lives

lines). This model, while impactful, is not in lock-step. The impact model is tied to, but not integrated within, the business model. While TOMS has remained committed to its social impact, other companies using a similar model may be incentivized to lessen or remove the impact piece of the business if they are not growing or becoming profitable fast enough.

These distinctions are important for impact investors to consider when deciding on potential investments for a few reasons. First, if the business model is in lock-step with impact, the company is more likely to be closely monitoring some impact metrics already. Second, the impact risk is significantly reduced when impact is baked into the model. It lessens the possibility that mission drift will occur, which is when social entrepreneurs are forced to decide to make tradeoffs between impact and profit and therefore make decisions that are not aligned with the company's original mission. [38] Third, these types of models are likely more scalable because there is no financial tradeoff when a company wants to achieve bigger impact.

5. Incorporate industry nuance within impact metrics: Understanding data will require perspectives from professionals with deep industry expertise

Several interviewees spoke to the importance of understanding how impact data in each industry is extremely nuanced. One impact measurement practitioner who works in social impact bonds described the example of recidivism reduction programming. There are a wide range of interventions in this field, including job placement, mental health programs, and continuing education. The interviewee pointed to two potential ways in which understanding the nuance within impact may be important in interpreting recidivism

38 Ebrahim, Alnoor, et al. "The Governance of Social Enterprises: Mission Drift and Accountability Challenges in Hybrid Organizations." *Research in Organizational Behavior*, Elsevier, 27 Sept. 2014, www.sciencedirect.com/science/article/pii/S0191308514000082.

interventions. First, recidivism rates vary depending on the demographic targeted. For example, younger populations are more likely to reoffend. This suggests that programs targeting populations with higher recidivism rates may look less impactful when comparing only the metric of number of participants who reoffended, but the practitioners interpreting the data should take into account the population targeted. The second example that the interviewee pointed to was the ease of quantifying certain impact metrics compared with others. In the case of recidivism programs, it may be easier to track the impact of job placement programs (number of ex-offenders who found jobs) versus mental health rehabilitation, which is much more difficult to measure but not necessarily less impactful.

For impact investors who are investing in a variety of fields, this insight points to a need to consult with industry experts to interpret impact data and metrics. It also suggests that impact investors should use impact data as part of a larger conversation with each company in their investment portfolio to better understand how the data was collected and what factors are important to consider in understanding the implications of that data.

Chapter 7: Key Insights and Recommendations Moving Forward

Given that the impact investing field is new and constantly evolving, this report sheds light on some of the key insights that can be used to guide the evolution of the field moving forward. Looking at the wide range of tools available for impact measurement, the variety of theoretical approaches, and the GIIN surveys demonstrating frustration of impact investors of the lack of clarity around impact, there is undoubtedly a need for some kind of standardized process. However, the results of the interviews with impact measurement practitioners point to several areas of caution. The insights from the interviews are an important starting place for investors to be thoughtful about impact measurement by better understanding the risks and challenges that practitioners face. These insights should be incorporated into the framework that investors are using because they signal to investors the ways in which data is most effectively used within the social impact space. Overall, the results of these conversations suggest that even if a standard impact assessment process is agreed upon, it will be equally important that impact investors are thoughtful about how they administer that process and the types of questions they ask throughout.

The summary of key insights is listed below, along with central questions embedded within each insight that investors should be considering when analyzing the impact of each investment as well as designing an entire portfolio.

1. ***Investors should understand impact risk tolerance***
    - What external factors (outside of the company's control) might play a part in the achievement of desired outcomes?
    - If the company is not achieving the desired outcomes, are they clearly identifying growth areas and making meaningful progress towards continuous improvement?

- What is the investor's tolerance for risk related to impact? Do you feel confident in the team's commitment to and understanding of the desired impact?

2. Investors should consider second order outcomes

- What are the possible unintended effects of the company's product or service?
- Has the company considered those effects and, if so, how will the company mitigate against the possible negative effects?

3. Investors should consider the community first

- How has the impact measurement directly engaged with the community or target beneficiaries of the company's service or product?

4. Investors should take a holistic perspective

- Is the impact measurement program part of an overall analysis (including financial)? See Appendix _ for a description of the process that the Sustainability Accounting Board (SASB) used in developing standards to be incorporated into financial reporting.
- Is impact in "lock-step" with the business model, or is it separate?

5. Investors should incorporate industry nuance

- Is there have at least one industry expert reviewing the impact data and measurement approach?
- What are the nuances within the company's industry that may be reflected in the impact data?

Moving forward, it will be important for all relevant stakeholders within the impact investing field, not just investors themselves, to participate in the conversation around impact measurement and the move towards a standard framework or template. Key strategies for each stakeholder are listed below, in addition to areas for further research and exploration.

Investors

There are a wide range of impact investors with differing perspectives, approaches, needs, and challenges within this category of stakeholders. Impact investors include: fund managers, development finance institutions, NGOs, individuals, family offices, pension funds and insurance companies, private foundations, banks, and religious institutions. [39] As a result, any standard tool will need to be broad enough to serve these diverse needs. Impact investors can contribute to this process in the following key ways:

- Feedback: Respond to the call for comment about the Impact Management Project described in Chapter 3. Attend gatherings hosted by GIIN and other convening organizations.
- Body of Knowledge: Publish proprietary frameworks to be part of a larger repository around different impact measurement approaches. Admit mistakes made during the process of developing these frameworks and, more importantly, what you learned about the better way to manage impact of investments.
- Investor/Investee Dialogue: Cultivate conversations with investees about the challenges they face with collecting and reporting data – and any frustrations they have with the funding landscape.

---

[39] "Who is Making Impact Investments?" *The GIIN*. https://thegiin.org/impact-investing/need-to-know/#who-is-making-impact-investments

- Capacity Building: Build out capacity-building programs, or partner with accelerator programs, to support social enterprises beyond the initial financial investment. In order for social enterprises to effectively implement impact measurement processes, in addition to growing and scaling their business models, they will likely require additional support from investors beyond the financial investment. GIIN released an issue brief entitled, "Beyond Investment: The Power of Capacity-Building Support" that offers recommendations about how investors can build successful capacity-building programs to ensure long-term success of the companies in their portfolios. [40]
- Seed-stage capital: Depending on risk tolerance, work to support more seed and growth-stage social enterprises in portfolio. According to Ross Baird of Village Capital, early-stage investments within impact investing are rare, largely due to limited liquidity options. [41] Investors are also risk-averse when early-stage social enterprises have limited data to demonstrate their social impact. This gap in investments "stunts the growth of impact investing" and points to a need for creating more funding opportunities for early-stage companies who may need support in building robust impact measurement systems.

Social Enterprises

There are also a wide range of social enterprises in size, industry, and targeted impact. Several social enterprise leaders spoke to the fact that they often feel powerless in

---

40 Pineiro, Aliana, and Rachel Bass. "Beyond Investment: The Power of Capacity-Building Support." *The GIIN*, 12 Oct. 2017, thegiin.org/research/publication/capacity-building.

41 Barid, Ross. "Seed-Stage Investment and Support: Closing the Gap to Growth in Impact Investing,"Innovations: Technology, Governance, Globalization, MIT Press, vol. 6(3), pages 133-143, July 2011.

conversations with funders, particularly as it relates to required financial and impact documentation and disclosures. However, social enterprises are an extremely important stakeholder and have on-the-ground expertise about how impact measurement will be carried out and what will be required in order to achieve the targeted impact. Additionally, the impact measurement is only as good as the data inputted, and therefore social enterprises must be engaged in the process to ensure that they are empowered to collect data in a timely and accurate manner. Social enterprises can advocate for their needs in the following ways:

- Feedback: Participate in the conversation around the Impact Management Project, which is the biggest and most coordinated effort to date around consolidating impact measurement practices. The greater the diversity of perspectives during that process, the more useful the final product will be.
- Body of Knowledge: Participate in larger conversations on platforms like Medium and the Stanford Social Innovation Review to advocate for the needs and perspectives of social enterprises within the impact investing field. For example, share the amount of time it requires to complete each impact measurement approach and what percentage of total resources that takes away from the business as a whole. This will help funders understand how required impact disclosures will impact the businesses they fund and make decisions accordingly.
- Investors/Investee Dialogue: Encourage regular conversations with funders around the challenges and risks within the impact measurement process. Educate funders about the industry nuance within impact data.

Government

Government has in important role to play in encouraging the development of the still emerging impact investing landscape. Impact investments can complement the work of government agencies and encourage innovative solutions to some of society's most pressing challenges. Governments at the federal, state, and local level can support impact investing in the following ways:

- Legislation: Pass legislation that will support the impact investing and the social enterprise ecosystem in a wide variety of ways. This could serve as the subject of an entirely separate report; however, one powerful example is the United Kingdom's Public Services (Social Value) Act of 2012.[42] The act calls for the consideration of the potential impact on environmental, social, and economic well-being in the commissioning and procurement of services. Social Enterprise UK pushed for the adoption of this legislation to encourage the commissioning of social enterprises for public projects. Given the significant data collection tied to government projects, this type of legislation could encourage the proliferation of social enterprise and also provide rich impact data for use in impact measurement and evaluation processes.
- Investment: Provide early-stage risk capital for start-up social enterprises to use in building out their product or service and collecting impact data to show impact investors who may be more risk averse. Baird of Village capital said governments can play a "catalytic role" for these companies who currently do not have access to private investment. Obama's administration, for example, set aside $1 billion under

42 Public Services (Social Value) Act 2012 (UK). Retrieved from http://www.legislation.gov. uk/ukpga/2012/3/p dfs/ukpga_20120003_en.pdf

the Small Business Administration specifically for impact investments. [43] The Social Innovation Fund was also created in 2009 to invest in innovative social solutions – and support the companies and organizations chosen with "rigorous third-party evaluations." [44]

- Regulations: Pass investment regulation to encourage an increased focus on impact investments. In 2016, for example, the government released two new regulations that make it easier for private foundations to make Program Related Investments (PRIs) and Mission Related Investments (MRIs), by passing regulations stating that "a foundation may prudently choose to make investments that provide both a charitable and a financial return without fear of facing a tax penalty."[45] By releasing the regulatory burden on impact investors, the field will likely have more resources to invest in important areas like impact measurement, which will elevate the entire industry for the future.
- Promotion: Host gatherings to encourage discussion about the role of impact investing in the social sector and how governments can further support these entities. There is a lack of knowledge about this still small field and a general confusion about the many different terms (impact investing, ESG, CSR, etc.). Government has a much wider platform and can serve as a powerful educator to

43 Hanson, Keely. "The Federal Government and Impact Investing: What's next on the Policy Agenda?" *Independent Sector*, 24 Jan. 2017, independentsector.org/news-post/the-federal-government-and-impact-investing/.

44 "About the Social Innovation Fund." *Corporation for National and Community Service*, www. nationalservice.gov/ programs/social-innovation-fund.

45 Wilkinson, David. "Steps to Catalyze Private Foundation Impact Investing." *National Archives and Records Administration*, National Archives and Records Administration, 21 Apr. 2016, obamawhitehouse.archives.gov/blog/2016/04/21/steps-catalyze-private-foundation-impact-investing.

broaden awareness about the power of impact investing as a partner for public entities.[46]

Academic Institutions

Academic institutions have not been actively working with impact investing practitioners to the extent possible, which is at the disservice of both parties. Academic institutions could learn a great deal about the possibilities of different finance structures and models to create meaningful impact, and also be part of shaping an industry. They can contribute meaningfully to the impact measurement practice in the following ways:

- Research: Several articles point to the need for greater connection between practitioners and academic institutions in the social enterprise and impact investing spheres. In an article for the Stanford Social Innovation Review, current UT Austin PhD student Mark Hand comments on the surprising lack of academic articles being used to inform practical applications.[47] He pushes for academics to work harder to directly support practitioners in their work. One area that academics from a wide variety of fields would be particularly useful is within impact measurement design and execution.
- Support: Several academic institutions have centers and incubators focused on entrepreneurship more broadly, but few are supporting and preparing students to create their own social enterprises in school. Academic institutions have a great opportunity to contribute to the "pioneer gap" problem cited above and create pathways for students to move beyond the seed stage while in school. Schools offer

46 Hanson.

47 Hand, Mark. "The Research Gap in Social Entrepreneurship (SSIR)." *Stanford Social Innovation Review: Informing and Inspiring Leaders of Social Change*, 24 May 2016, ssir.org/articles/entry/the_research_gap_in_social_entrepreneurship.

an environment with lower risk and significant resources available for implementation and impact measurement.

Standard Setting Organizations

GIIN and other organizations who support impact investors have been working tirelessly to advance the field in a myriad of ways. There are also several partnerships between these organizations to share knowledge and drive the conversation forward. Therefore, this report offers more insights that GIIN and other organizations can use in continuing this work. One of the important ways that GIIN can continue to contribute to the strengthening of impact investing is to hold the stakeholders listed above accountable for their contributions, particularly the investors. They can do that through the following ways:

- Ratings: The current ratings and measurement systems are designed for social enterprises to measure and report their impact to potential investors and funders. This system puts the onus on small, resource-strapped companies who may not have the manpower or bandwidth to support a robust impact measurement system. One social entrepreneur said third-party evaluations done well can cost up to $70,000. If GIIN and other standard-setting bodies begin to measure the commitment of investors to measuring and reporting their impact, investors will be incentivized to take a stronger role in this process. Several entrepreneurs noted that few of the investors they spoke with asked for impact data beyond sales. One interviewee said, “They're making an assumption that if you've sold it, it's a good product - which isn't necessarily true.” If GIIN creates a standard impact measurement template, they will also need to hold investors accountable for using that template effectively.

- Partnerships with Academic Institutions: If GIIN were to partner with large universities, they could outsource some of their own complex research to students with an interest in the field and spur continued interest. They could also inspire future impact investing leaders and equip them with the tools to be thoughtful about impact measurement. Those students can also conduct third-party impact measurement programs at a much lower rate than providers outside of the academic context.

Chapter 8: Conclusion

Impact investing, while still relatively new, offers an extremely promising way to fund scalable solutions for many of the world's most pressing needs. In order to achieve that promise, however, investors will need to be held accountable for the achieved impact of their portfolios in some way. This report analyzed the current state of the impact investment practice and, more specifically, the challenges around impact measurement in order to better understand the possibilities for creating a standard impact measurement framework or tool. Through interviews with social enterprise leaders and impact measurement practitioners, it also offers several areas of caution before creating a standard framework. Those areas of caution informed a list of key questions that investors should be asking alongside that tool in order to mitigate those risks. Finally, the report offers next steps for key stakeholders within this conversation to support the creation of more robust and standardized impact measurement systems and ensure that the impact investing field does not lose its credibility in the future.

Moving forward, it will be important for all stakeholders within the impact investing field to be engaged in the process and open to collaboration. It will also be essential to be open about failures and learn fast as the field rapidly evolves. The biggest risk will be if impact investing loses credibility and earns a reputation for "impact washing" because it does not pay careful attention to the impact of its investments and engage impact measurement experts to understand the best practices and the right questions to be asking. GIIN will play an essential role in creating a standard framework or template for impact investors to use, which is clearly a need within the industry, but it will be up to all stakeholders to ensure that any tool being used is implemented thoughtfully and effectively.

Appendix A: Interview Questions

Questions for social enterprises or non-profits:
What are the metrics you use to define your impact (make it clear that you are talking about non-financial return)? How did you develop those metrics (who was involved, what resources did you use, and when (after, during, before you start the program/venture?)etc.)? Keep in mind that some will make a subtle distinction between indicators and metrics. I'm assuming you are familiar with KPIs because of LBJ, but that might be a label for what they track.
How do you collect the data? and when? Is it done in-house or by an external party?
How much time would you say you spend collecting data about your impact? How much money/ what percentage of your budget is allotted to data collection?
Was there ever something you measured that you decided was not the appropriate metric to be using? If so, please elaborate.
Can you think of examples of other impact measurements that would be misguided or tell a deceptive story in your industry?
What part of your impact do you think cannot be captured by your data? How do you convey that to investors, (e.g., personal conversations, storytelling in written form, site visits, etc.)? Are investors more likely to support you if you do?
What (if any) misconceptions do you think funders/investors have about measuring data?
What do you think about the feasibility of creating standardized framework or template that all impact investors can use to measure their impact? What would be the risks? Benefits?

Questions for funders or investors:
What are the metrics you use to define the impact of your investments or grantees? How did you develop those metrics (who was involved, what resources did you use, etc.)?
Do you separately fund impact measurement for your grantees?
How do you verify the accuracy of measurement results provided to you?
Was there ever data you used to define impact that you decided was not the appropriate metric to be using? If so, please elaborate.
Can you think of examples of other impact measurements that would be misguided or tell a deceptive story within your focus areas?
What part of the impact of the organizations you support do you think cannot be captured by data? How do you factor this into your decision process about how/where to invest?
How much does expected financial return weigh in your decision compared to social return? (I put this question here intentionally. If you asked them this at the beginning, it will raise their hackles.)
What (if any) misconceptions do you think funders/investors have about measuring data?
What do you think about the feasibility of creating standardized framework or template that all impact investors can use to measure their impact? What would be the risks? Benefits?

Bibliography

About B Lab. B Lab, www.bcorporation.net/what-are-b-corps/about-b-lab.

"About The GIIN." *The GIIN.* https://thegiin.org/about/

"About GRI." *Global Reporting Initiative*. https://www.globalreporting.org/information/about-gri/Pages/default.aspx

"About the PPI: A Poverty Measurement Tool." *Innovations for Poverty Action.* https://www.povertyindex.org/about-ppi.

"About the Social Innovation Fund." *Corporation for National and Community Service*, www.nationalservice.gov/ programs/social-innovation-fund.

Alam, Ryan. "Why We Invested: The Impact Management Project | Omidyar Network." *Omidyar Network*, 19 July 2017, www.omidyar.com/blog/why-we-invested-impact-management-project.

Baird, Ross. "Seed-Stage Investment and Support: Closing the Gap to Growth in Impact Investing,"Innovations: Technology, Governance, Globalization, MIT Press, vol. 6(3), pages 133-143, July 2011.

Barby, Clara, and Emilie Goodall. "Building Impact-Driven Investment Portfolios." *From Ideas to Practice, Pilots to Strategy*, World Economic Forum, Sept. 2014, reports.weforum.org/impact-investing-from-ideas-to-practice-pilots-to-strategy-ii/3-building-a-strategy-integrating-impact-investing-in-the-mainstream-investors-portfolio/3-2-building-impact-driven-investment-portfolios/.

Boulden, Jim. "Making Money and Doing Good: Impact Investing Is Catching On." *CNNMoney*, Cable News Network, 27 June 2017, money.cnn.com/2017/06/27/investing/impact-investing-growth/index.html.

Case, Jean. “Bringing the Last Decade of Impact Investing to Life: An Interactive Timeline.” Case Foundation, 17 Nov. 2017, casefoundation.org/blog/bringing-last-decade-impact-investing-life-interactive-timeline/?gclid=EAIaIQobChMIoNXM6Y eZ2QIVHLXACh2GcQzQEAAYAiAAEgKZHPD_BwE.

“CSAF Impact.” *CSAF*, www.csaf.net/impact/.

Danigelis, Alyssa. “Sustainability Accounting on the Rise: Q&A with SASB's David Parham.” *Environmental Leader*, 21 Feb. 2018, www.environmentalleader.com/ 2018/02/sustainability-accounting-david-parham/.

Ebrahim, Alnoor, et al. “The Governance of Social Enterprises: Mission Drift and Accountability Challenges in Hybrid Organizations.” *Research in Organizational Behavior*, Elsevier, 27 Sept. 2014, www.sciencedirect.com/science/ article/pii/S0191308514000082.

Gates, Bill, and Melinda Gates. 10 Tough Questions We Get Asked. Bill and Melinda Gates Foundation, 13 Feb. 2018, www.gatesnotes.com/2018-Annual-Letter?WT.mc_id=02_13_ 2018_02_AnnualLetter2018_BG-media_.

“Good Karma Applications: SceneSpeak.” Good Karma Applications. https://www.goodkarma applications.com/scene-speak1.html.

“GRI Standards Download Center.” Global Reporting Initiative. https://www.globalreporting. org/standards/gri-standards-download-center/

Griffin, Jenny. “Greyston Bakery: A Social Enterprise That Tastes Good and Does Good.” *ImpactAlpha*, 16 Sept. 2015, impactalpha.com/greyston-bakery-a-social-enterprise-that-tastes-good-and-does-good/.

Hand, Mark. “The Research Gap in Social Entrepreneurship (SSIR).” *Stanford Social Innovation Review: Informing and Inspiring Leaders of Social Change*, 24 May 2016, ssir.org/articles/entry/the_research_gap

Hanson, Keely. “The Federal Government and Impact Investing: What's next on the Policy Agenda?” *Independent Sector*, 24 Jan. 2017, independentsector.org/news-post/the-federal-government-and-impact-investing/.

“Improving Lives.” *TOMS Shoes*. https://www.toms.com/improving-lives

Investing in a Sustainable Future. BlackRock Impact, 2017, www.blackrock.com/ch/individual/ en/literature/whitepaper/blackrock-impact-en-ch-whitepaper.pdf.

Larsen, Anne, and Helene Lilleor. “Beyond the Field: The Impact of Farmer Field Schools on Food Security and Poverty Alleviation.” *World Development*, Science Direct, 13 Aug. 2014, www.sciencedirect.com/science/article/pii/S0305750X14002058.

Mudaliar, Abhilash, et al. *2017 Annual Impact Investor Survey*. The GIIN, May 2017, thegiin.org/ assets/GIIN_AnnualImpactInvestorSurvey_2017_Web_Final.pdf.

Olsen, Sara, and Brett Galimidi. *Catalog of Approaches to Impact Measurement*. Social Venture Technology Group with Support from the Rockefeller Foundation, May 2008, www.midot.org.il/Sites/midot/content/Flash/CATALOG%20OF%20APPR OACH ES%20TO%20IMPACT%20MEASUREMENT.pdf.

“Our Approach.” Bridges Fund Management. http://www.bridgesfundmanagement.com/us/our-approach/

“Overview.” *Impact Management Project*, www.impactmanagementproject.com/.

Pineiro, Aliana, and Rachel Bass. “Beyond Investment: The Power of Capacity-Building Support.” *The GIIN*, 12 Oct. 2017, thegiin.org/research/publication/capacity-building.

Pothering, Jessica. “Bono Challenges Impact Investing for Being ‘Hippy-Ish’ about Financial Performance...while Others Debate Impact.” *ImpactAlpha*, 29 Mar. 2018, impactalpha.com/bono-challenges-impact-investing/.

Public Services (Social Value) Act 2012 (UK). Retrieved from http://www.legislation.gov. uk/ukpga/2012/3/p dfs/ukpga_20120003_en.pdf

Reisman, Jane, and Veronica Olazabal. *Situating the Next Generation of Impact Measurement and Evaluation for Impact Investing*. The Rockefeller Foundation, assets.rockefellerfoundation.org/app/uploads/20161207192251/Impact-Measurement-Landscape-Paper-Dec-2016.pdf.

"Roadmap for the Future of Impact Investing: Reshaping Financial Markets." *The GIIN*, Mar. 2018, thegiin.org/assets/GIIN_Roadmap%20for%20the%20Future%20of%20Impact%20 Investing.pdf.

Ruff, Kate, and Sara Olsen. "The Next Frontier in Social Impact Measurement Isn't Measurement at All (SSIR)." *Stanford Social Innovation Review*, 10 May 2016, ssir.org/articles/entry/the_next_frontier_in_social_impact_measurement_isnt_measurement_at_all.

"Social Enterprise." *Social Enterprise Alliance*, socialenterprise.us/about/social-enterprise/.

So, Ivy, and Alina Staskevicius. Measuring the "Impact" in Impact Investing. Harvard Business School, May 2015, www.hbs.edu/socialenterprise/Documents/ MeasuringImpact.pdf.

"Storm Sensor: The Cloud-Based Stormwater Monitoring System." *Storm Sensor*. https://www.stormsensor.io/

Sustainable Development Goals. United Nations, www.un.org/sustainabledevelopment/ sustainable-development-goals/.

Sustainable Development Goals – Impact Theme Framework. Toniic, 15 Mar. 2017, www.toniic.com/sdg-impact-theme-framework/.

"Sustainability Accounting Standards Board." https://www.sasb.org/

"What is Autism?" *Autism Speaks.* https://www.autismspeaks.org/what-autism.

"What Is the Balanced Scorecard?" *Balanced Scorecard Institute*, www.balancedscorecard.org/ BSC-Basics/About-the-Balanced-Scorecard.

"Who is Making Impact Investments?" *The GIIN*. https://thegiin.org/impact-investing/need-to-know/#who-is-making-impact-investments

Wilkinson, David. "Steps to Catalyze Private Foundation Impact Investing." *National Archives and Records Administration*, National Archives and Records Administration, 21 Apr. 2016, obamawhitehouse.archives.gov/blog/2016/04/21/steps-catalyze-private-foundation-impact-investing.

"Your Impact Toolkit." *The GIIN*, impacttoolkit.thegiin.org/.